

CLASSIFICATION: ~~SECRET~~ SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT NO.

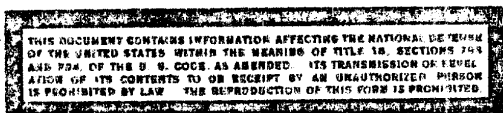
CD NO.

COUNTRY Czechoslovakia

DATE DISTR 14 August 1953

SUBJECT Effects of the Currency Reform

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THIS IS UNEVALUATED INFORMATION

SOURCE:

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1. In a letter to the State Bank (Statni Banka) of Czechoslovakia, the International Monetary Fund expressed dissatisfaction with the Czech banks explanation of the details of the 1 June 1953 monetary reform. The IMF requested the State Bank to provide proof of the announced gold basis for the new crown. Reportedly the Bank officials had feared such action, since the announced gold basis is not correct and the State Bank does not possess the reported gold reserves. Allegedly the gold bullion deposits in the State Bank are short of the announced figures and the announced total can only be met if the full amount of commercial gold is over-valued.
2. On 1 July, a month after the monetary reform had gone into effect, the Czech monetary situation was still deteriorating. Despite a slackening of the regulations concerning exchange of savings deposits,² there has been a steady decrease in the number of small savings accounts. Nearly all small depositors have closed out their accounts and no new accounts are being opened.
3. The acute supply situation in Czechoslovakia has been accentuated by popular concentration on attempts to turn cash into hard goods. In addition, the net result of the recent disturbances in Czechoslovakia has been to cut the overall production level down to less than 66 percent of the planned level.

1 Comment. Commercial gold refers to confiscated jewelry, coin collections, art treasures and the like.

2 Comment. The original scale has allegedly been altered to permit exchange of amounts up to 25,000 crowns at the 5:1 rate.

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